

JONESVILLE DISTRICT LIBRARY

AUDIT REPORT

DECEMBER 31, 2006

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Unit Name JONESVILLE DISTRICT LIBRARY	County HILLSDALE
Fiscal Year End 12/31/06	Opinion Date 01/15/08	Date Audit Report Submitted to State 02/21/08	

We affirm that:

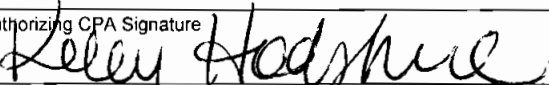
We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

- YES NO Check each applicable box below. (See instructions for further detail.)
- ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
 - ☐ ☒ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
 - ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
 - ☒ ☐ The local unit has adopted a budget for all required funds.
 - ☒ ☐ A public hearing on the budget was held in accordance with State statute.
 - ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
 - ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
 - ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
 - ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
 - ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
 - ☒ ☐ The local unit is free of repeated comments from previous years.
 - ☒ ☐ The audit opinion is UNQUALIFIED.
 - ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
 - ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
 - ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)		
Financial Statements	<input checked="" type="checkbox"/>			
The letter of Comments and Recommendations	<input type="checkbox"/>	NO LETTER OF COMMENTS AND RECOMMENDATIONS		
Other (Describe)	<input type="checkbox"/>			
Certified Public Accountant (Firm Name) BAILEY, HODSHIRE & COMPANY, P.C.		Telephone Number 517-849-2410		
Street Address 479 E. CHICAGO ROAD		City JONESVILLE	State MI	Zip 49250
Authorizing CPA Signature 		Printed Name KELLY S HODSHIRE		License Number 1101020992

CONTENTS

INDEPENDENT AUDITOR’S REPORT	1
MANAGEMENT’S DISCUSSION AND ANALYSIS	2 - 4
BASIC FINANCIAL STATEMENTS	
Governmental Fund Balance Sheet - Statement of Net Assets.....	5
Statement of Governmental Revenue, Expenditures and Changes in Fund Balance - Statement of Activities.....	6
Notes to Financial Statements	7 - 10
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule - General Fund	11

MANAGEMENT'S DISCUSSION AND ANALYSIS

Bailey, Hodshire & Company, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

479 E. CHICAGO STREET
P.O. BOX 215
JONESVILLE, MI 49250

PHONE: (517) 849-2410
FAX: (517) 849-2493
E-MAIL: BAILEYHODSHIRE@SBCGLOBAL.NET

INDEPENDENT AUDITOR'S REPORT

To the Library Board
Jonesville District Library
Jonesville, Michigan

We have audited the accompanying financial statements of the governmental activities and each major fund of the Jonesville District Library, Hillsdale County, Michigan, as of and for the year ended December 31, 2006, which collectively comprise the Library's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Library's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of the Jonesville District Library as of December 31, 2006, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 2 through 4 and page 11 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.



Jonesville, Michigan
January 15, 2008

Introduction

This section of the Jonesville District Library's annual financial report presents our discussion and analysis of the Library's financial performance during the year ended December 31, 2006. The reader should use this analysis along with the annual report to gain a complete picture of the Jonesville District Library for the year ended December 31, 2006.

Financial Highlights

As discussed in further detail in this discussion and analysis, the following represents the most significant financial highlights for the year ended December 31, 2006:

- The assets of the Library exceeded its liabilities at the end of the most recent fiscal year by \$1,039,045 (net assets) at the government-wide level.
- The Library's total net assets decreased by \$25,831 as a result of current year activity at the government-wide level. This decrease is primarily due to depreciation expense charged to the current period.
- Total governmental fund balance increased by \$66,791 in the current year at the fund level.

Using this Annual Report

The basic financial statements include information that presents two different views of the Library:

- The first column of the financial statements includes information on the Library's General Fund under the modified accrual method. These Fund Financial Statements focus on current financial resources and provide a more detailed view about the accountability of the Library's sources and uses of funds.
- The adjustment column of the financial statements represents adjustments necessary to convert the fund financial statements to the government-wide financial statements under the full accrual method.
- The government wide financial statement columns provide both long-term and short-term information about the Library's overall financial status. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Library as a whole and present a longer-term view of the Library's finances. These statements tell how these services were financed in the short-term as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

CONDENSED FINANCIAL INFORMATION

The following tables show, in a condensed format, the net assets as of December 31, 2005 and 2006 and the changes in the net assets during the year.

<u>TABLE 1 - NET ASSETS</u>	<u>2005</u>	<u>2006</u>
Assets		
Current Assets	\$ 327,827	\$ 393,433
Noncurrent Assets	<u>741,637</u>	<u>649,015</u>
Total Assets	<u>\$1,069,464</u>	<u>\$1,042,448</u>
Liabilities		
Current Liabilities	\$ 4,588	\$ 3,403
Noncurrent Liabilities	<u>0</u>	<u>0</u>
Total Liabilities	<u>\$ 4,588</u>	<u>\$ 3,403</u>

Jonesville District Library

Management's Discussion and Analysis Year Ended December 31, 2006

Net Assets		
Invested in Capital Assets - Net of Related Debt	\$ 741,637	\$ 649,015
Unrestricted	<u>323,239</u>	<u>390,030</u>
Total Net Assets	<u>\$ 1,064,876</u>	<u>\$ 1,039,045</u>
Total Liabilities and Net Assets	<u>\$ 1,069,464</u>	<u>\$ 1,042,448</u>

TABLE 2 - CHANGES IN NET ASSETS

Revenue	\$ 143,869	\$ 162,930
Expenses - Library Services	<u>(188,091)</u>	<u>(188,761)</u>
Increase (Decrease) in Net Assets	<u>\$ (44,222)</u>	<u>\$ (25,831)</u>

The Library's total net assets were \$1,039,045 at December 31, 2006. Unrestricted net assets (the part of net assets that can be used to finance day-to-day operations) were \$390,030 at the end of the fiscal year. The net assets invested in capital assets were \$649,015.

Governmental Activities

The Library's governmental revenues totaled \$162,930 with the greatest revenue source being the tax levy. The levy makes up approximately 68 percent of total governmental revenue.

The Library incurred expenses of \$188,761 during the year. The majority of governmental expense is associated with depreciation and the staffing of the Library, which provides all library services. Depreciation represents 49 percent of the Library's total expenses and wages represent 26 percent.

The Library's Funds

The Library's major fund consists solely of the General Fund. An analysis of the General Fund can be found in the first column on pages 5 and 6. The fund column provides detailed information about the most significant fund, not the Library as a whole. The Library Board has the ability to create separate funds to help manage money for specific purposes, and to maintain accountability for certain activities. The Library did not have any nonmajor funds for the fiscal year ended December 31, 2006.

The General Fund pays for all of the Library's governmental services. The most significant service provided during the fiscal year was library staffing, which incurred expenditures of approximately \$54,810 for the fiscal year.

Library Budgetary Highlights

The budget was monitored closely during the year. The most significant amendment was for the reading programs. This additional cost is a result of the establishment of a new reading program.

Capital Assets

At the end of the fiscal year, the Library had \$649,015 invested in a range of capital assets, including buildings, land, and materials (net of depreciation). The Library did not add or dispose of any capital assets during the current year.

Factors bearing on the Library's future

Jonesville Library receives yearly penal fine revenue. This has been in the \$20,000.00 range for the past few years. This is an income that can be taken away at any time. Hillsdale county has lost jobs because of plant closings, which in turn has caused home foreclosures. This has a direct effect on our millage income. Utilities have all increased as well as the price of materials. We try very hard to supply the materials needed to help our children with school projects. Non fiction reference books average \$40.00 to \$60.00.

Contacting the Library's Management

This financial report is intended to provide our citizens, taxpayers, and customers with a general overview of the Library's finances and to show the Library's accountability for the money it receives. If you have any questions about this report or need additional information, we welcome you to contact the Secretary or Treasurer of the Jonesville District Library Board of Directors.

BASIC FINANCIAL STATEMENTS

JONESVILLE DISTRICT LIBRARY
GOVERNMENTAL FUNDS BALANCE SHEET/STATEMENT OF NET ASSETS
DECEMBER 31, 2006

	General Fund	Adjustments	Statement of Net Assets
ASSETS			
Cash and Cash Equivalents	\$ 281,669	\$ 0	\$ 281,669
Taxes Receivable	111,764	0	111,764
Fixed Assets, net	<u>0</u>	<u>649,015</u>	<u>649,015</u>
Total Assets	<u>\$ 393,433</u>	<u>\$ 649,015</u>	<u>\$ 1,042,448</u>
LIABILITIES			
Accounts Payable	\$ 1,978	\$ 0	\$ 1,978
Payroll Taxes Payable	<u>1,425</u>	<u>0</u>	<u>1,425</u>
Total Liabilities	<u>\$ 3,403</u>	<u>\$ 0</u>	<u>\$ 3,403</u>
FUND BALANCE/NET ASSETS			
Fund Balance			
Unreserved/Undesignated	\$ 390,030	\$ (390,030)	\$ 0
Total Fund Balance	<u>\$ 390,030</u>	<u>\$ (390,030)</u>	<u>\$ 0</u>
Total Liabilities and Fund Balance	<u>\$ 393,433</u>		
Net Assets			
Invested in Capital Assets - Net of Related Debt		\$ 649,015	\$ 649,015
Restricted		0	0
Unrestricted		<u>390,030</u>	<u>390,030</u>
Total Net Assets		<u>\$1,039,045</u>	<u>\$1,039,045</u>
Total Liabilities and Net Assets			<u>\$1,042,448</u>

The accompanying notes are an integral part of this statement.

JONESVILLE DISTRICT LIBRARY
STATEMENT OF GOVERNMENTAL FUNDS REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES
DECEMBER 31, 2006

	General <u>Fund</u>	<u>Adjustments</u>	Statement of <u>Activities</u>
REVENUE			
State Aid	\$ 2,129	\$ 0	\$ 2,129
Penal Fines	22,471	0	22,471
Fayette Township Millage	110,068	0	110,068
Municipal Contributions	600	0	600
Interest on Investments	11,422	0	11,422
Gifts & Memorials	13,636	0	13,636
Fines, Fees and Other	<u>2,604</u>	<u>0</u>	<u>2,604</u>
Total Revenue	<u>\$ 162,930</u>	<u>\$ 0</u>	<u>\$ 162,930</u>
EXPENDITURES			
Wages	\$ 50,922	\$ 0	\$ 50,922
Payroll Tax Expense	3,888	0	3,888
Insurance	1,940	0	1,940
Electric	2,709	0	2,709
Telephone	850	0	850
Heat	1,621	0	1,621
Water, Sewer & Garbage	733	0	733
Dues & Memberships	1,744	0	1,744
Books & Videos	15,189	0	15,189
Periodicals	916	0	916
Supplies	5,844	0	5,844
Maintenance	6,334	0	6,334
Miscellaneous	1,316	0	1,316
Professional Fees	1,100	0	1,100
Reading Programs	1,033	0	1,033
Capital Outlay	0	0	0
Depreciation	<u>0</u>	<u>92,622</u>	<u>92,622</u>
Total Expenditures	<u>\$ 96,139</u>	<u>\$ 92,622</u>	<u>\$ 188,761</u>
Excess of Revenue Over (Under)			
Expenditures/Change in Net Assets	\$ 66,791	\$ (92,622)	\$ (25,831)
Fund Balance/Net Assets - January 1	<u>323,239</u>	<u>741,637</u>	<u>1,064,876</u>
Fund Balance/Net Assets - December 31	<u>\$ 390,030</u>	<u>\$ 649,015</u>	<u>\$ 1,039,045</u>

The accompanying notes are an integral part of this statement.

JONESVILLE DISTRICT LIBRARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Jonesville District Library (the "Library") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

Financial Reporting Entity

The Jonesville District Library is located in the Village of Jonesville, Hillsdale County, Michigan, and is governed by a five member board. The financial support is provided primarily through a 1 mill tax levy for library operations, Hillsdale County penal fines, and additional support from municipal contributions of the State of Michigan (State Aid), and the Townships of Scipio and Moscow, as well as charitable donations and memorials. Revenue is used to operate and staff the Library. The accompanying basic financial statements have been prepared in accordance with criteria established by the GASB for determining the various governmental organizations to be included in the reporting entity. These criteria include oversight responsibility, scope of public service and special financing relationships. Based on these criteria, there are no component units to be included in these financial statements.

Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The statement of net assets includes and recognizes all long-term assets and receivables as well as long-term debt and obligations. The Library's net assets are reported in three parts: invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Library considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, and expenditures relating to claims and judgments are recorded only when payment is due.

Under the modified accrual basis, property taxes and municipal contributions are susceptible to accrual. All other revenue items are considered to be available only when the cash is received by the Library.

Financial Statement Presentation

The Library reports the following major governmental fund: the General Fund is the Library's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Assets, Liabilities, and Net Assets or Equity

Bank Deposits and Investments - Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less.

JONESVILLE DISTRICT LIBRARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2006

Capital Assets - Capital assets are defined by the Library as assets with an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The Library maintains a capitalization threshold of \$1,000.

Building improvements, furniture and fixtures, equipment, and library books, periodicals, etc. are depreciated using the straight-line method over the following useful lives:

Buildings	39 years
Furniture and Fixtures	7 years
Library books, periodicals, etc.	7 years
Computer equipment	5 years

Budgets, Budgetary Accounting and Budget Basis of Accounting - Budgets are adopted for all governmental fund types, as required by law. Budgets for the general fund are adopted at the line item level and reported in the budgetary comparison schedule at this level. The Library uses the same basis of accounting for budgeting purposes as for financial statement presentation.

Encumbrance Accounting - Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by Jonesville District Library.

Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from these estimates.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

The budgetary process is prescribed by provisions of the State of Michigan Budget Act and entails the preparation of budgetary documents within an established timetable. The legal level of budgetary control has been established by the Library Board at the line-item level. Any budgetary modifications may only be made by resolution of the Library Board. Encumbrance accounting is not used, and all annual appropriations lapse at fiscal year end.

The Library follows these procedures in establishing the budget as reflected in the financial statements:

- 1) Prior to December 31, a public hearing is conducted on the proposed budget to obtain taxpayer comments.
- 2) Prior to December 31, the budget is legally enacted through passage of a resolution.
- 3) The Library Board is authorized to transfer budgeted amounts between line items.
- 4) During the year the budget is monitored, and amendments to are made when necessary.

During the year, the following accounts had expenditures in excess of budgeted amounts, which is a violation of State of Michigan budgeting laws. These variances were due to audit adjustments:

JONESVILLE DISTRICT LIBRARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2006

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

<u>Description</u>	Amount of		
	<u>Budget</u>	<u>Expenditure</u>	<u>Variance</u>
Supplies	\$ 4,500	\$ 5,844	\$ 1,344

NOTE 3 - DEPOSITS AND INVESTMENTS

The Library uses financial institutions for cash purposes, which is in accordance with statutory authority. The accounts maintained in the financial institutions are checking, savings, and certificates of deposit. The interest rates of the savings accounts are at variable daily rates.

The Library's deposits are subject to several types of risk, which are examined in more detail as follows:

Interest Rate Risk - In accordance with its investment policy, the Library minimizes interest rate risk, which is the risk that market value of securities in the portfolio will fall due to changes in the market interest rates, by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and by limiting the average maturity in accordance with the Library's cash requirements.

Credit Risk - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Library minimizes credit risk by limiting investments to the types of securities allowed by State law. The Library's investment policy puts no further limits on its investment choices.

Concentration of Credit Risk - The Library will minimize concentration of credit risk, which is the risk of loss attributed to magnitude of the Library's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

Custodial Credit Risk (Deposits) - In the case of deposits, this is the risk that in the event of a financial institution failure, the Library's deposits may not be recovered. As of December 31, 2006, \$280,933 of the bank balance of \$282,978 was insured for custodial credit risk. Certificates of deposits and money market accounts are included in the above totals.

Foreign Currency Risk - The Library is not authorized to invest in investments which have this type of risk.

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended December 31, 2006, was as follows:

	Balance			Balance
	<u>January 1, 2006</u>	<u>Additions</u>	<u>Deductions</u>	<u>December 31, 2006</u>
Land and Improvements	\$ 6,009	\$ 0	\$ 0	\$ 6,009
Building and Improvements	459,373	0	0	459,373
Books, Audios, Videos	545,178	0	0	545,178
Furniture and Fixtures	74,679	0	0	74,679
Total Capital Assets	\$ 1,085,239	\$ 0	\$ 0	\$ 1,085,239
Less: Accum. Depreciation	(343,602)	(92,622)	0	(436,224)
Net Capital Assets	\$ 741,637	\$ (92,622)	\$ 0	\$ 649,015

Depreciation expense for the fiscal year ended December 31, 2006 was \$92,622.

JONESVILLE DISTRICT LIBRARY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2006

NOTE 5 - PROPERTY TAXES

On May 4, 1999, the electors of Fayette Township approved a maximum 1 mill tax levy for library operations. The taxes are collected by the Fayette Township Treasurer each year from December 1 through March 1. The delinquent taxes (real property) are turned over to the County Treasurer for collection. The total library levy on the December 1, 2006, Fayette Township tax roll was \$110,068.

NOTE 6 - UNEMPLOYMENT TAXES

The Library is a reimbursing employer to the Michigan Unemployment Insurance Agency and as such is responsible to pay the Agency for those benefits paid and charged to its account. As of December 31, appropriate liabilities (if any) have been recorded for all claims paid by the Agency. However, no provision has been made for future payments that might result from claims in process or unfilled.

NOTE 7 - RISK MANAGEMENT

The Library is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries. The Library has purchased commercial insurance for claims relating to general liability, physical damage (equipment, buildings, and contents), workers compensation, and other appropriate coverages. There has been no significant reduction in insurance coverage and settled claims have not exceeded the amount of insurance coverage in any of the past 3 years.

NOTE 8 - CONCENTRATIONS

The Library receives a major portion of its revenue from the County of Hillsdale in the form of allocated penal fines. Reduction or elimination of this funding, if this were to occur, would have a significant effect on the organization's programs and activities.

NOTE 9 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Total fund balance and the net change in fund balance of the Library's governmental fund differs from net assets and changes in net assets of the governmental activities reported in the statement of net assets and statement of activities. The difference primarily results from the long-term focus of the statement of net assets and statement of activities versus the current financial resources focus of the governmental fund balance sheet and statement of revenue, expenditures, and change in fund balance.

The following is a reconciliation of fund balance to net assets and net change in fund balances to the net change in net assets:

Total Fund Balance - Modified Accrual Basis	\$ 390,030
Amounts reported in the statement of net assets are different because:	
Capital assets are not financial resources, and are not reported in the funds	<u>649,015</u>
Net Assets of General Fund - Full Accrual Basis	<u>\$1,039,045</u>
 Net Change in Fund Balances - Modified Accrual Basis	 \$ 66,791
Amounts reported in the statement of net activities are different because:	
Capital costs are allocated over their estimated useful lives as depreciation	<u>(92,622)</u>
Change in Net Assets of General Fund - Full Accrual Basis	<u>\$ (25,831)</u>

REQUIRED SUPPLEMENTARY INFORMATION

JONESVILLE DISTRICT LIBRARY
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
DECEMBER 31, 2006

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	Variance with Final <u>Budget</u>
Fund Balance - January 1	\$ 323,239	\$ 323,239	\$ 323,239	\$ 0
Resources (Inflows)				
State Aid	3,200	3,200	2,129	(1,071)
Penal Fines	20,000	20,000	22,471	2,471
Fayette Township Millage	92,000	92,000	110,068	18,068
Municipal Contributions	600	600	600	0
Interest on Investments	4,500	4,500	11,422	6,922
Gifts & Memorials	3,500	3,500	13,636	10,136
Fines, Fees and Other	<u>1,000</u>	<u>1,000</u>	<u>2,604</u>	<u>1,604</u>
Amounts Available for Appropriation	<u>\$ 448,039</u>	<u>\$ 448,039</u>	<u>\$ 486,169</u>	<u>\$ 38,130</u>
Charges to Appropriations (Outflows)				
Wages	\$ 51,500	\$ 51,500	\$ 50,922	\$ (578)
Payroll Taxes	3,925	3,925	3,888	(37)
Insurance	2,000	2,000	1,940	(60)
Electric	2,900	3,400	2,709	(691)
Telephone	1,000	1,000	850	(150)
Heat	2,700	2,700	1,621	(1,079)
Water, Sewer, & Garbage	900	900	733	(167)
Dues & Memberships	5,000	5,000	1,744	(3,256)
Books/Videos	13,000	17,000	15,189	(1,811)
Periodicals	1,000	1,000	916	(84)
Supplies	4,500	4,500	5,844	1,344
Maintenance	10,500	10,500	6,334	(4,166)
Miscellaneous	2,100	1,600	1,316	(284)
Professional Fees	1,550	1,550	1,100	(450)
Reading Programs	500	5,000	1,033	(3,967)
Capital Outlay	<u>3,000</u>	<u>3,000</u>	<u>0</u>	<u>(3,000)</u>
Total Charges to Appropriations	<u>\$ 106,075</u>	<u>\$ 114,575</u>	<u>\$ 96,139</u>	<u>\$ (18,436)</u>
Fund Balance - December 31	<u>\$ 341,964</u>	<u>\$ 333,464</u>	<u>\$ 390,030</u>	<u>\$ 56,566</u>

The accompanying notes are an integral part of this statement.